



## **DCH - ADDITIONS IN STATE FUNDING --- \$672.7 million**

The Department requests additional state funds for the following:

### **Medicaid Benefits**

1. Additional state funds to match federal funds to cover projected **Medicaid Benefit cost increase** for FY 2007 ---- **\$221.2 million state funds** (Total \$648.6 million)
2. Additional state funds to reflect cost associated with **federal policy changes** for the following:
  - Loss of Upper Payment Limit Funds --- **\$146.9 million state funds** (Total \$376 million)
  - Loss of Indigent Care Trust Funds – DSH funds for RSM Initiatives --- **\$22 million state funds** (Total \$57.1 million)
3. Additional state funds to move from the **cash basis to accrual basis** to reimburse capitation payments to CMO providers --- **\$92.7 million state funds** (Total \$240.6 million )
4. Additional state funds to cover cost associated with the federal **Medicare Part D Clawback** provision --- **\$21 million state funds** (Total \$54.5 million)
5. Additional state funds associated with FY 2006 savings estimates from **appropriated budget** cuts in HB #85 which did not materialize. **\$9.2 million state funds** (Total \$24 million)

### **Administration and Program Support – Health Access**

6. Additional state funds to implement **Medicaid initiatives** – CMO and Eligibility review and to fund loss of ICTF funding for Right from the Start Medicaid contract --- **\$14.1 million state funds** (Total \$28.2 million)
7. Additional state funds to **annualize the FY 2006 pay increase**. The pay increase was funded only for six months in the FY 2007 base budget. **\$136,828 state funds** (Total \$318,454)

### **Indigent Care Trust Fund**

8. Additional state funds to reflect revenue from **CMO provider fees** to fund Medicaid Benefits in the LIM program. State statute requires funds be remitted to the ICTF ---- **\$145.5 million state funds** (Total \$377.8 million) \*\* Fees will be reflected in Governor's projected state revenue.

## **DCH – OFFSETS TO STATE FUNDING AND SAVINGS INITIATIVES --- (\$568.3 million)**

### **Medicaid Benefits and Administration**

**The Department requests to use the following offsets to reduce state fund needs:**

9. Reduce state fund need by using **prior year Medicaid Benefit reserves** to cover benefit and operational deficits --- **(\$162.5 million state funds)** (Total \$413.5 million)
10. Reduce state fund need for match in Medicaid Benefits due to change in the **federal match rate** from 0.6060 to 0.6179 **(\$66.6 million state funds)**
11. Reduce state fund need by using savings projected from the **implementation of risk-based managed care** for the LIM program **(\$78.5 million state funds)** (Total \$203.7 million)
12. Reduce state fund need by **collecting fees from CMO providers** to fund Medicaid Benefit deficits in the LIM program **(\$145.5 million state funds)** (Total \$377.8 million) \*\* State funds appropriated to Indigent Care Trust Fund per statute.

**The Department proposes the following savings initiatives to reduce state fund needs:**

13. Reduce Medicaid Benefit cost based on performing **Eligibility Review / Audit** of the eligibility system and members. **(\$25 million state funds)** (Total \$64.9 million)
14. Reduce Medicaid Benefit cost by **conducting interim hospital cost settlements** on ‘as-filed’ cost reports for years of service between FY 2002 and FY2005 --- **(\$65.2 million state funds)** (Total \$169.4 million)
15. Reduce Medicaid Benefit cost in Aged, Blind and Disabled services by implementing an **Administrative Services Organization (ASO) model** as a gatekeeper and manager of services --- **(\$20.0 million state funds)** (Total \$52 million)
16. Reduce Medicaid Benefit cost in Pharmacy services by setting base payment on **Wholesale Acquisition Cost (WAC)** and increase the dispensing fee to pharmacists --- **(\$5 million state funds)** (Total \$13 million)

**DCH - OTHER ADJUSTMENTS --- (\$308.1 million in federal and other funds)**

**The Department proposes the following adjustments to comply with FY 2007 budget guidelines:**

17. Additional other funds to reflect projected revenue from intergovernmental transfers received from hospitals for Disproportionate Share Payments --- **(\$9.7 million other funds)**
18. Additional other funds to reflect projected revenue from ambulance licensing fees used to make payments to ambulance providers --- **(\$2.2 million other funds)**
19. Additional other funds to more accurately reflect appropriated employer contributions and employee premiums for the State Health Benefit Plan --- **(\$246.6 million other funds)**
20. Additional federal funds to reflect the increase in the enhanced federal match rate for the PeachCare for Kids program --- **(\$8.2 million)** NOTE: federal funds are limited to the state's annual SCHIP allocation.
21. Additional federal and other funds to more accurately reflect the department's cost allocation plan, including the DHR administrative contract cost --- **(\$40.5 million federal funds; \$855K other funds)**

**DCH - CHANGES TO BE DETERMINED --- (\$220.2 million)**

**State Health Benefit Plan**

22. Some combination of additional revenue and/or expenditure control is necessary to address the annual operating deficit for the State Health Benefit Plan ---- **\$220.2 million other funds**

**ATTACHED AGENCIES – REDUCTIONS IN STATE FUNDING --- (\$815,628)**

- Composite Board of Medical Examiners
  - Reduction in operations (2%) --- (\$42,714 state funds)
  - Add state funds for annualized pay-raise --- \$17,115 state funds
- State Medical Education Board
  - Reduction in operations (2%) --- (\$27,056 state funds)
  - Add state funds for annualized pay-raise --- \$2,608 state funds
- Georgia Board for Physician Workforce
  - Reduction in operations (2%) --- (\$771,328 state funds)
  - Add state funds for annualized pay-raise --- \$5,747 state funds



Department of Community Health  
FY 2007 Agency Budget Request – 2% Reduction  
SUMMARY

**FY 2007 Fund Source Request** **\$10,243,185,452**

State Funds	\$ 2,305,488,602
Tobacco Funds	\$ 58,087,386
Federal Funds	\$ 4,982,188,215
Other Funds	\$ 2,734,923,678
Prior Year	\$ 162,497,571

**FY 2007 Program Budget Request** **\$10,243,185,452**

Medicaid - Low-Income Medicaid Benefits	\$ 2,398,474,947
Medicaid – Aged, Blind, and Disabled Benefits	\$ 3,962,888,818
Nursing Home Provider Fee	\$ 248,196,640
Indigent Care Trust Fund	\$ 795,216,715
PeachCare for Kids	\$ 249,664,212
State Health Benefit Plan	\$ 2,204,442,900
Health Care Access and Improvement	\$ 6,454,956
Administration and Program Support	\$ 336,606,997

Georgia Board for Physician Workforce	
* Graduate Medical Education	\$ 6,346,423
* Mercer School of Medicine	\$ 17,610,032
* Morehouse School of Medicine	\$ 9,943,532
* Undergraduate Medical Education	\$ 3,361,846
* Administration	\$ 538,988

State Medical Education Board	\$ 1,328,340
Composite Board of Medical Examiners	\$ 2,110,106

**SUMMARY OF STATE FUND CHANGE**  
**\$103,630,354 state funds for the Department**

- Medicaid --- (\$41,191,481) reduction in state funds
- Health Care Access --- \$18,567 state funds increase (Annualized Pay-raise)
- Administration and Program Support --- \$118,261 state funds increase (Annualized Pay-raise)
- Indigent Care Trust Fund --- \$145,500,635 state funds increase (CMO Provider Fees)

Attached Agencies – (*Agencies have requested 4% enhancements*)

- Georgia Board for Physician Workforce --- (\$765,581) reduction in state funds
- State Medical Education Board --- (\$24,448) reduction in state funds
- Composite Board of Medical Examiners --- (\$25,599) reduction in state funds